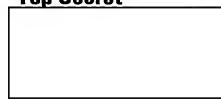
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Central Intelligence Bulletin

JCS and State department review(s) completed.

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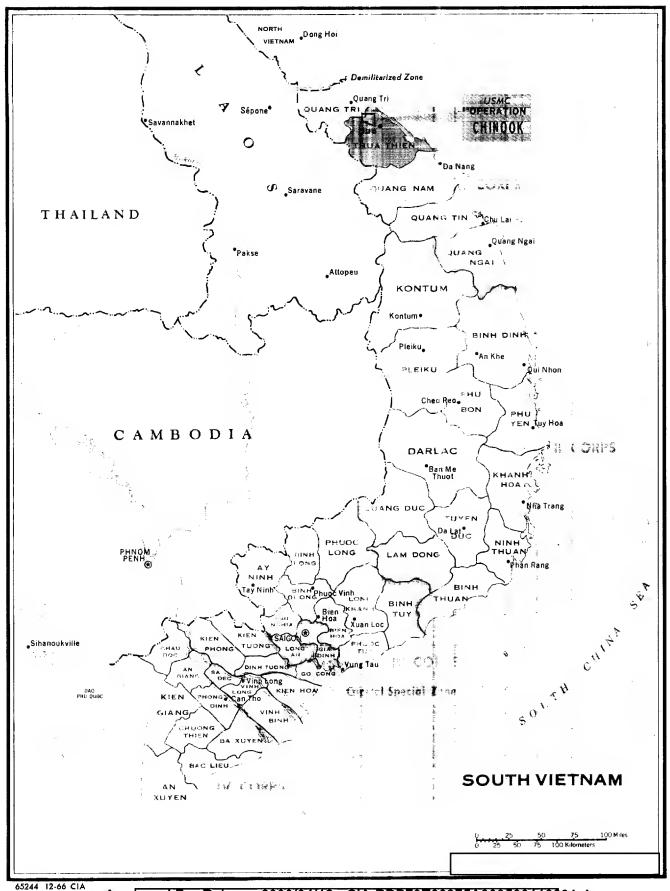
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*Vietnam: (Information as of 4:30 AM EST)

The Military Situation in South Vietnam: During the first ten hours of the 48-hour Christmas truce period which began at 6:00 PM EST on 23 December only scattered Communist-initiated incidents have occurred.

Early on 23 December, sporadic contact was reported between US Marines and Communist soldiers northwest of Hue in northern Thua Thien Province. The Marines, taking part in the one-battalion search-and-destroy Operation CHINOOK, have killed more than 154 enemy troops since the operation began 19 December. American losses have been light, with two killed and 61 wounded. (Map)

Political Developments in South Vietnam: Tri Quang, the militant Buddhist monk, is attempting to make a political comeback.

Quang is making approaches to disparate religious and political groups for a common policy on such issues as peace and opposition to the government. Although it is unlikely that Quang's maneuvers will gain him any firm allies in view of his presently diminished prestige, several factors are in his favor. These include continuing regional and military-civilian frictions, political opportunities as elections approach, and concern that sudden peace negotiations might find nationalist forces disunited.

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Communist China: Recent rallies held to denounce officials brought down months ago mark a new trend in the continuing political infighting among Chinese leaders.

According to foreign correspondents in Peking, meetings attended by angry mobs were held in Peking on 12 and 20 December to "unmask the crimes" of four former members of the party Secretariat who all had strategic posts in the power structure through 1965. The four are Peng Chen, former mayor and party chief in Peking; Lo Jui-ching, former head of the secret police and chief of the general staff of the PLA; Lu Ting-i, former party propaganda chief and minister of culture; and Yang Shang-kun, former head of the Secretariat's administrative office.

Peng Chen reportedly was produced for public vilification at the first of these rallies, Lu Ting-i at the second. According to a rumor circulating in Peking on 22 December, all except Peng committed suicide by poison following the 20 December rally. Lo and Yang have not appeared in public since late November 1965 and may actually have been liquidated during the first phase of the year-long struggle, although one poster observed in Peking since the rumor began claims that Lo and several others have just been arrested. The Foreign Ministry has refused to confirm the suicide rumor.

It is uncertain whether this campaign against early opponents of the dominant faction in Peking will lead to moves against high-ranking members of the current opposition. The intensified Red Guard poster campaign now being waged against Chief of State Liu Shao-chi and party general secretary Teng Hsiao-ping, however, suggests that this is still the main goal.

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Nigeria: Supreme Commander Gowon's federal regime now is giving serious consideration to military action against recalcitrant Eastern military governor Ojukwu.

Gowon and other key leaders of the Federal Military Government (FMG) have become increasingly impatient with Ojukwu as the impasse over the country's future structure has dragged on. Their attitudes were hardened particularly by Ojukwu's obstruction of the latest efforts to arrange a meeting with Gowon and all the military governors outside Lagos, as demanded by Ojukwu. Gowon reportedly now believes that Ojukwu is simply stalling for time to strengthen his position prior to seceding.

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Iraq Petroleum Pipeline: The Iraq Petroleum Company parent companies on 23 December gave in to Syrian demands that they pay \$10.3 million in 1966 back transit payments, subject to later arbitration of other Syrian demands. Over the objections of the American participants (Mobil and Standard of New Jersey) Shell and British Petroleum Companies took this decision out of fear that the French participant, Compagnie Francaise des Petroles, might agree to a Syrian offer hinting that France would be allowed to market much of the oil from the pipeline.

Macao: A new incident in the colony may precipitate further demonstrations. A Portuguese construction foreman reportedly assaulted a Chinese workman on Taipa Island, scene of the initial clash that provoked riots in the city early in December. The Chinese may use this incident as a pretext for inflicting new humiliations on the Macao authorities.

Japan: Prime Minister Sato, having pushed his supplementary budget through the Diet in the face of an opposition boycott, apparently is considering dissolution of the lower house in preparation for a general election. Speculation in Tokyo centers on 27 December or shortly thereafter as the date for this announcement. Elections must follow within 40 days.

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